

Victorian Co-operative News

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Victoria's Department of Human Services has reassured the Co-operative Federation of Victoria Ltd that it did not intend to mislead the community sector on the co-operative option in a report titled A Stronger Primary Health and Community Support System Provider Collaboration Options: A PHACS Information Resource.

The report was prepared for the Department by consultants and is designed to explain to providers legal and organisational options. While it is pleasing that the co-operative option is acknowledged, the comments are either incomplete or misleading.



It is stated, for example, that the formation of a co-operative has the potential weakness of a "loss of independence of agencies", that "co-operatives can be difficult to manage because decisions are made on a collective rather than 'corporate' basis" and that "A co-operative may be a preferable form of incorporation for particular groups..."

Community sector providers should be given objective information about the legal and organisational options.

The Department's reassurance has followed letters about the report from the Federation to the Department of Human Services and the two appropriate Ministers - the Hon. Denis Napthine (Minister for Youth and for Community Service) and the Hon. Rob Knowles (Minister for Health and the Aged).

The Department has been discussing with us our concerns and invited the Federation to explain the co-operative option in an article for a PHACS provider newsletter. **David Griffiths**



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reflect those of the Co-operative Federation of Victoria Ltd. Every effort has been made to ensure that the information is correct. However, the publisher and their agents, shall not accept any responsibility for loss or other consequence which may arise acting or refraining from acting as a result of material in this newsletter.

I think many people, including some in the co-operative movement, tend to underestimate the achievements of co-operatives.

One only has to look at the performance of the dairy industry to see what co-operatives can achieve.

The dairy industry in Australia, as in most dairy producing countries, is dominated by co-operatives.

I do not know why this is so, but Murray Goulburn itself claims to handle 27% of Australia's milk supply, so with the other major dairy co-ops in Victoria, Bonlac, Tatura, Warrnambool Butter and Cheese, Dairy Farmers in NSW and Queensland and United Milk in Tasmania (now part of Bonlac) I would not be surprised if co-operatives handle in excess of 90% of Australian milk output. The co-ops have increased their share of the market at the expense of multinational companies.

Co-ops other big involvement in the industry is in herd improvement with herd improvement co-ops carrying out herd testing and the

supply of semen to improve the productivity of dairy cows.

When I first commenced work in the pastoral industry in 1959, the dairy industry was very much the sick sector of Australian agriculture despite being propped up by



subsidies and regulations.

It is hard to believe now but the industry was even protected by restrictions on margarine production. Worse was to happen; people practically stopped using butter for health and convenience reasons. (It was more difficult to spread than margarine) and its major export market was lost when Britain joined the European Common Market and the ECM expanded its dairy production under its Common Agricultural Policy.

Since then the industry has been transformed and is now probably the most profitable livestock industry in Australia. On the farm both the production per cow and the number of cows per farm have increased and in the processing and marketing sectors new products and markets have been developed. The two major dairy co-ops, Bonlac and Murray Goulburn, are both large businesses by any standards with annual sales in excess of \$1 billion each. They both have invested heavily in new plant. In recent years Bonlac has spent \$150 million on a new plant at Darnum in Gippsland and Murray Goulburn \$40 million at its Cobram plant in Northern Victoria.

It would be wrong to claim that the success of the dairy industry is due entirely to its co-operative nature. But we can say that the industry operating through a largely co-op structure has gone through a tremendous transformation and overcome major obstacles to improve its position and furthermore the co-ops have improved their position relative to their company competitors.

John Gill

Nomination forms for the 1999 Co-operative Federation of Victoria Ltd Co-operation Awards will be mailed to Victorian co-operatives early in July.

As established last year there are four separate awards:

Co-operative of Year

Co-operator of Year

Co-operative Distinguished Service

Co-operator Distinguished Service

Completed application forms must be returned to the Co-operative Federation of Victoria Ltd, RMB 1282 Langs Road, Blampied, Victoria 3364 by 16 August 1999.

Two directors have left the board of the Federation - Bernie Harford and Graeme Andrews.

Bernie Harford (Genetics Australia Co-operative Society Ltd) joined the board on 6 March 1995 and resigned as of 11 February 1999.

Graeme Andrews (South Gippsland A.B. Co-operative Ltd) joined the board on 23 May 1997 and his term

The Selection panel remains unchanged from last year - John Gill, Dan McMullan, Owen Slattery and Brian McIntosh.



The Co-operation Awards will be presented at the Federation's AGM Dinner later this year.

Last year's awards generated favourable publicity for the co-operative

finished on 29 January 1999 when he ceased to be an



eligible director.

In April of this year the board co-opted two new

movement and the winning co-ops and the co-ops of the winning co-operators.

John Gill, speaking on behalf of the selection panel, said last year's nominations were of a high standard and those unsuccessful last year should nominate again this year.

He also said that while it was understandable that some co-operators might be shy in nominating they should consider the benefits provided by the Awards for the

movement and their own co-operatives.

Members and non-members of the Federation are eligible to nominate. Co-operatives and co-operators can also nominate themselves.

directors - David Brentnall and Rolf Wilkens.

David Brentnall is a director of Consolidated Herd Improvement Services Co-operative Ltd. David was a past regional director, Bonlac Foods Limited. Rolf Wilkens is Managing Director, Swinburne Bookshop Co-operative Ltd. He has been Managing Director for 16 years and Secretary of the co-operative for 21 years.

For many co-operatives the AGM is the only time they really meet with their members as a group. It is an important event but far too often boring and badly attended.

AGMs are required by the Act to be held within 5 months of the end of the financial year for the adoption of the accounts and director reports and the election of directors. Because general meetings of members can be costly to organise and conduct the AGMs are also often used for matters requiring member approval, such as rule changes instead of calling a special general meeting.

Whether it is a local sporting club or a co-op, the apathy of members is a problem. In these circumstances, it is easy for committees and boards to throw up their hands, forget members and push on with their plans without member participation. If this view prevails sometime in the future the club or co-op will cease to exist. It is difficult to get members to attend AGM's and if boards are to have any success here they need to regard AGM's as much more than a legal process and make it convenient and attractive for

members to attend. I don't pretend this is easy but here are some suggestions:

- Hold the meeting at a time and place convenient to members. If most of the members are working for employers during the day hold the meeting in the evening after dinner. For a large



agricultural co-op servicing the whole state the meeting needs to be held at a time which enables members to travel to and from the meeting in daylight hours and at a place which provides easy access and parking.

- Hopefully, the annual report will have provided a comprehensive report on the year's activities and will have been sent to all members prior to the meeting, so it is unnecessary, and in fact boring to read out what has been promulgated. In his address the Chairman should highlight the main points of the report and accounts and concentrate on matters since the report was published.

- Encourage questions and provide direct honest answers. Normally the Chairman will answer these questions but they will not always have the detailed knowledge in which case they should call on another director or officer. This also has the advantage of introducing other people to the meeting.

- Handle critical members with courtesy and give them and every other member a chance to have their say. However, to ensure that the business is dealt with in a reasonable time and with regard to the other members who may be bored with someone going on and on, have the judgement to pass onto someone else or close the debate.

- Pay due regard to suggestions from members. Of course some of these may be stupid and unworthy of consideration but others will have some merit and it is important that members believe their views receive serious consideration.
- If you have a new video/film on your co-op or a new product, show it to the meeting.

Provide refreshments at the end of the meeting and provide the environment where directors, officers and members can mix and discuss.

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The Victorian electricity industry has been restructured and deregulated and from January 2001 all consumers will be able to choose their electricity supplier.

The challenge for smaller consumers will be how to maximise the benefits and minimise the risks.

Since its formation in 1994

Co-operative Energy believes that only by combining numbers and volume will small consumers be able to influence the market. This view is supported by the California Public Utilities Commission which has advocated aggregation as an option for small consumers.

Daunting

The task of organising thousands of individual small consumers is daunting. However, there are many member-based organisations which could be the basis for this challenge.

Co-operative Energy Ltd has already organised a purchasing group for a group of aged care agencies

whose sites became contestable in July 1998 - securing three year contracts and an average savings on bills of 32%.

In the run-up to January 2001 Co-operative Energy Ltd is working with a number

- Working with a group of councils in rural Victoria on the formation of purchasing group for ratepayers and residents.

- Working with a credit union to establishing a purchasing group.

- Working with the Victorian Association of Health and Aged Care to increase agency involvement in purchasing.

- Working with a large consumer co-operative to interest its members in energy purchasing.

- Working with a church to develop a church-based purchasing group.

Graeme Charles (Chairman) & David Griffiths (Secretary),
Co-operative Energy Ltd



of groups to encourage a collective approach to the market based on organisation, education and advocacy - organising a purchasing group, educating consumers and advocating on behalf of consumers.

The process of organising for 2001 must begin now because of the importance of establishing bargaining power in the market.

Initiatives

Current initiatives with member-based organisations include

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The importance of good public policy and legislation for the development of the co-operative movement is highlighted in the latest report of the United Nations' Secretary-General to the General Assembly (A/54/57). The report will be discussed by the General Assembly during its 1999 session from September to December.

The Secretary-General's Report arrives at conclusions and findings which are supportive to the co-operative movement and, for the first time, it contains draft Guidelines aimed at creating a supportive environment for the development of co-operatives.

Prepared by COPAC (the Committee for the Promotion and Advancement of Co-operatives) at the request of the UN General Assembly and the UN Secretary-General, these Guidelines emphasise that co-ops should be recognised as legal entities and assured real equality with other types of associations and enterprises.

While stressing that appropriate provision is necessary within legal, judicial and administrative practice to allow co-operatives to prosper on an equal footing, the Guidelines also suggest that representatives of the co-operative movement be invited to participate in the

formulation of co-operative legislation. It reiterates that financial self-reliance, total responsibility and full independence are vital for an effective co-operative enterprise.

The Guidelines also propose that co-operative legislation should include a definition of co-ops using the Statement on the Co-operative Identity



adopted by the International Co-operative Alliance in 1995.

Only a few months after this Report was circulated to UN member states, the Governing body of the International Labour organisation decided (in March 1999) that it would place the revision of co-operative policy and standards high on its list of priorities and has added this issue to the Agenda of the International Labour Conference for the year 2001. This decision reflected an understanding on the part of government, worker, and employer representatives about the importance both of

co-operatives and of good public policy regarding co-operatives.

If the Report of the Secretary-General, including these draft Guidelines, is approved by the General Assembly later this year, it will demonstrate to governments around the world that co-operatives need and deserve the same treatment as other forms of enterprise, based on policies which recognise their special character.

The International Co-operative Alliance calls on its member organisations around the world to inform their governments that they support the Report of the UN Secretary-General on the Status and Role of Co-operatives (A/54/57), and to urge their governments to support the Report when it comes before the UN General Assembly later this year.

It also calls on its more than 750 million members at grassroots level to support their national and local co-operative initiatives by organising events and taking part in Internet-based and more traditional lobbying campaigns, as appropriate.

This statement has been prepared by the International Co-operative Alliance for the 77th International Co-operative Day message: Saturday, 3 July 1999.

I was Secretary of Victorian Producers' Co-operative (VPC) from 1977 to 1997 and following it's takeover by Elders, which was finalised with the approval of the Federal Court in April of this year, I was asked by Elders to assemble and catalogue VPC's historical records for safekeeping.

The records are now preserved for historians interested in co-ops. The records which I catalogued includes:

- A complete set of board and general meeting minute books since VPC's formation in 1910. The earlier ones were, of course, hand written in beautiful leather bound books.
- A complete share register record from formation. Up to 1955 these were hand written in leather bound books. In 1955 there was a change to a card system using Addressograph

plates which was converted to a computer system in 1979.

- An almost complete set of bound copies of the VPC newsletter, "The Victorian Producer", from 1911 to 1959 and from 1980 when it was resurrected to 1997. Prior to 1980 it was much



more than a newsletter and described itself as "a stock and station journal, a paper for pastoralists, farmers, gardeners and producers generally, the advocate of co-operation." The first edition sold for one penny and the annual

subscription for 12 months was one shilling and six pence.

- It was a sizeable publication of some 40 pages covering not only VPC's activities but news about industries served by VPC. Looking now at the June 1932 edition, I note it included a section titled "Ladies This and That" which included advice on curing leaking saucepans, washing woollen jumpers and a pattern for a knitted cardigan for "hubby."

- A complete set of annual reports except for 1913.

Keeping old records is a problem for most of us. We all run out of space and have a clear out from time to time. However, have an eye to history and keep what is historically important - at least keeping minute books and annual reports.

John Gill

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All of these will not create an exciting event. At least, it will have provided a meeting which is convenient to attend and provides a

forum for members to have their say.

If your AGMs are well attended or some innovations have been introduced to boost

attendance, please let us know and we'll publicise it in VCN.

John Gill

The Co-operative Federation of Victoria Ltd has made a submission to the Office of Fair Trading and Business Affairs on co-operative fund-raising under the Co-operatives Act 1996.

The submission was in response to a discussion paper, Fund-raising under the Uniform Co-operatives Legislation, prepared by the State and Territory Officers' Working Group.

The discussion paper identified five options - prohibition of external borrowing, retain the status quo, amendments of Co-operatives Act 1996 with enhanced fund-raising provisions, repeal of the CCU provisions of the NSW Co-operatives Act 1992 and convert to a company.

The Federation supports changes which provides for more flexibility and innovation in fund-raising that is consistent with the co-operative principles.

Amendment of the Co-operatives Act 1996 with enhanced fund-raising provisions is supported.

These enhancements should include:

- CCU's should be available to both members and non-members.
- CCU's should be able to be traded on exempt stock

market and the Australian Stock Exchange.

- Co-operatives should be permitted to operate managed investment schemes where relevant.
- Entitlement to surplus and reserves should be able to be extended to CCU's if the issuing co-operative desires

The Federation opposes a prohibition on external borrowing and the option of converting to a company if desired but with reduced likelihood if enhanced fund-raising adopted.

Copies of the submission are available to members of the Federation. The submission will, however, have to be read in conjunction with the discussion paper.



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